



State of Arizona

Janice K. Brewer
Governor

Office of the Governor
1700 West Washington Street, Phoenix, AZ 85007

Main Phone: 602-542-4331
Facsimile: 602-542-7601

FOR IMMEDIATE RELEASE
April 12, 2012

CONTACT: Matthew Benson
(602) 542-1342
mbenson@az.gov

Governor Jan Brewer: Arizona Economic Recovery Continues, State Revenues Strong

Governor Affirms Revenue Projections This Year and Through Fiscal 2015

PHOENIX – State revenues through the first three quarters of fiscal 2012 are more than \$52 million above forecast, continuing a strong trend as the Arizona economy recovers and the state budget stabilizes.

For FY'12, which ends June 30, Governor Brewer and her budget team had projected that state revenues would grow 5.3 percent over the previous year. State revenues have thus far easily outpaced this estimate and grown by 8.7 percent – driven by strong returns in the areas of corporate income tax (up 39.4 percent), retail sales tax (up 6.9 percent) and individual income tax (up 7.5 percent).

Arizona's strong FY'12 performance affirms the Governor's conservative but positive outlook for the State's overall economy and fiscal health over the next three years. That viewpoint is shared by national economists. IHS Global Insight – the world's leading economic analysis firm – recently lowered its recession-risk level, and estimates that Arizona's gross state product will grow at a healthy rate of 6 percent annually in 2014 and 2015.

"I am keenly aware of recent international and national events that may impact Arizona's economic recovery, including the rise in gas prices," said Governor Brewer. "The good news is that most of the data, especially in areas like job growth and state revenues, continues to point toward an improving state economy and fiscal outlook. We must be conservative in our approach to state spending and the budget, but conservatism does not mean pessimism. I will not allow pessimism to guide our decision-making in a way that leaves our state less equipped in key areas like education to meet the challenges of the future."

The Governor's budget plan assumes revenue growth that averages 5.6 percent annually between FY'13 and FY'15. By comparison, her revenue forecast projects – on average – \$300 million less annual revenue than the forecast issued by Arizona State University for the same period.

"If anything, our State revenue projections have underestimated the pace of economic recovery in Arizona," said John Arnold, Director of the Governor's Office of Strategic Planning and Budgeting. "All signs point to continued, steady economic improvement – and the Governor has budgeted accordingly."

NOTE: See revenue/budget details below

###

FY'12 Arizona Tax Collections (through March) Compared to Same Period Last Year

Personal Income Tax – up \$151 million (7.5% growth)

Sales Tax – up \$134.5 million (5.2%)

Corporate Income Tax – up \$128.1 million (39.4%)

Total (personal, sales and corporate) – up \$413.6 million (8.4%)

Governor's Forecast (ongoing General Fund base revenue) for FY'13 - FY'15

FY'13 – \$8.01 billion (5% growth)*

FY'14 – \$8.5 billion (6.1%)

FY'15 – \$8.99 billion (5.8%)

(* without the 1% temporary tax nor 2011 tax changes)

Governor's Revenue Forecast vs. ASU

FY'13 – Governor \$240.8 million below ASU

FY'14 – Governor \$295.2 million below ASU

FY'15 – Governor \$351.9 million below ASU

Total: Governor's revenue forecast \$887.9 million below ASU